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Foreign Crops and MARKETS

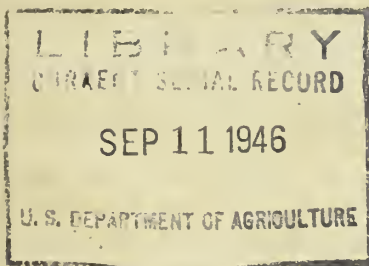


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Egypt's 1946 Cotton Acreage Almost Double Wartime Low, But Still Considerably Below Prewar. General Crop Condition Good (Page 135)

British Joint Organization Reports Reduction in Unsold Wool Stocks. Record U. S. Purchases Unexpected Feature of 1945-46 Season (Page 137)



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L A T E N E W S

Under an official decree published August 22, Brazil has made the following commodities duty free for the remainder of 1946: Livestock and dairy products--meat, domestic fowl for food, eggs, goats and sheep, swine, lard, milk, butter, margarine, and cheeses; fats, oils, and oilseeds--peanuts, shelled or unshelled, cottonseed oil, and tallow; grains and grain products--flour, oats, rye, barley, and wheat; fruits and vegetables--dried fruits, tree fruits, grapes, and tomatoes.

Norway's grain harvest, now in progress, is expected to show an above-normal production because of increased acreage. A large carry-over from the 1945 potato crop has created a surplus-crop problem, but special steps are being taken to convert old potatoes into potato flour now in great demand. Decreasing milk production in southern Norway may make it necessary to obtain supplies from greater distances in view of demand exceeding prewar quantities. Authorities agree that milk rationing in Norway will have to be continued at least until next summer.

The British Ministry of Food has announced a reduction in weekly milk allowance for nonpriority consumers from 2-1/2 to 2 pints beginning August 25. Milk supplies for catering establishments at the same time will be cut from 7-1/2 to 6 pints per 100 hot beverages served. These decreases came 10 weeks earlier than last year in order to obtain fair distribution from a somewhat reduced supply.

The 1945-46 Argentine rice crop is placed at 7,736,000 bushels (266 million pounds milled) in the third and final official estimate. This is slightly larger than the second estimate and compares with 6,807,000 bushels (199 million pounds) in the preceding year.

Philippine rice acreage for 1946-47 is not expected to be much larger than last year's 4,077,000 acres, which was about 20 percent less than prewar. The continued decrease is due to labor unrest and shortages of work animals and implements.

Czechoslovakia's 1946-47 raw-sugar production is expected to total 583,000 short tons in 1945-46, compared with 836,000 tons in prewar (1937-38). During last year 95,000 short tons of refined sugar were earmarked for export.

Ecuador's exportable surplus of rice for 1946 is placed at 100 million pounds, compared with 65 million pounds last year. Rice production for 1946 is estimated at 7,600,000 bushels (222 million pounds milled), in contrast with last year's crop of 4,750,000 bushels (140 million pounds).

COMMODITY DEVELOPMENTS

GRAINS, GRAIN PRODUCTS, AND FEEDS ^{1/}CANADIAN WHEAT
OUTLOOK GOOD

Prospects for the wheat crop in Canada continue generally favorable, with harvest operations making good progress throughout most of the Prairie Provinces. Although the first official estimate of production is not scheduled for release until September 12, private estimates indicate that a total wheat outturn of around 450 million bushels is expected. A crop of that size would be considerably above average, and the largest since 1942. Production at that level is based on average yields of about 17.5 bushels per acre on an acreage estimated at around 25.9 million acres for all Canada this season. Yields during 1935-39 averaged only 12.2 bushels per acre, contrasted with the record yield of 25.8 bushels in 1942.

Weather conditions have been favorable for harvesting in most parts of the Prairie Provinces, and good progress is reported especially in southern and central areas. While some delays have been caused by rains, the hot, dry weather of July and early August caused the crop to mature rapidly and put general harvesting operations considerably in advance of those of a year ago.

In southern Manitoba cutting was virtually completed by the end of August, and was well advanced in all areas, despite interruptions caused by rains. The Manitoba Wheat Pool report carries an estimate of 60 million bushels for the crop in that Province. The estimate exceeds the 1945 crop by 20 million bushels and is considerably above average.

Harvesting operations were making good progress in southern and central Saskatchewan at the end of August. Only a small part of the cutting had been done in northern districts at that time. Some sawfly damage and loss from high winds were reported in the southern and west-central districts of Saskatchewan.

Prospects are for above-average yields in Alberta, unless frost or other damage occurs before the end of the season. Harvesting is expected to be general there in early September.

ARGENTINA REVISES
CORN ESTIMATE

The 1945-46 corn crop in Argentina was revised to 140,701,000 bushels, according to the third estimate of production recently released. This
^{1/} This section is continued on page 138.

represents a reduction of about 5 million bushels from the previous estimate. The production, though only 46 percent of the 1935-39 average, is still about 20 percent above last year's small crop.

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Note: In the table of estimated wheat stocks in principal exporting countries in Foreign Crops and Markets, August 26, 1946, page 103, July 1 stocks for the United States in 1941 should have read 385, instead of 285, and 1943 stocks for Argentina 288, instead of 228.

FATS AND OILS

ARGENTINE FLAXSEED PLANTINGS LARGER

Argentina's first official estimate for 1946 flaxseed acreage is 5,036,000 acres, compared with the corresponding one of 4,558,000 and the final estimate of 3,439,000 in 1945. This is the largest area sown to this crop since 1943, but still 26 percent less than the 1938-42 average. Based on a 10-year average yield per acre, production should amount to approximately 45 million bushels and may be larger as the weather has been favorable. Last year's output was 37,955,000 bushels.

ARGENTINA: Flaxseed acreage, 1946 with comparisons

Year	Sown		Harvested
	First estimate	Final estimate	Final estimate
	1,000	1,000	1,000
	<u>acres</u>	<u>acres</u>	<u>acres</u>
Average -			
1936-40	6,909	7.423	6,147
1941	6,746	6,746	5,738
1942	6,113	6,113	5,612
1943	5,643	5,643	4,986
1944	4,847	4,932	3,098
1945	4,558	4,581	3,439
1946	5,036	-	-

Compiled from official sources.

The Argentine Government is now paying \$2.65 per bushel for flaxseed or more than double the price growers received in 1945. Argentina should have large supplies of flaxseed and linseed oil as neither has been used for fuel since early last year. According to trade publications, exports of seed and oil in terms of seed have been approximately 10 million bushels since the 1945 crop was harvested.

CEYLON COCONUT PRODUCTION DOWN

Ceylon's 1946 coconut production is far below normal as a result of severe drought conditions during the spring of 1945. Crop estimates for

the first 5 months of this year were 40 to 60 percent below the same period a year ago for inland areas, and 25 percent lower for the coastal areas. Rough estimates indicate a normal production of around 2 billion nuts annually.

Copra exports, amounting to only 30,494 short tons during January-June 1946, were drastically cut in an endeavor to produce more copra meal for cattle food and to increase the output of coconut oil. The outlook for additional exports of copra during the remainder of 1946 is not encouraging.

CEYLON: Exports of copra and coconut oil,
1946 with comparisons

Commodity	Average 1935-39	1942	1943	1944	1945	January- June 1946
	Short tons	Short tons	Short tons	Short tons	Short tons	Short tons
Coconut oil	66,094	27,808	53,798	46,300	43,318	21,653
Copra	67,118	128,630	165,351	113,118	127,322	30,494

Official trade statistics.

No shipments of copra or coconut oil went to the United States during the first half of 1946. Exports of these commodities moved to British India and the United Kingdom with smaller amounts shipped to Norway, Australia, and Palestine.

TOBACCO

SOUTHERN RHODESIA'S
TOBACCO EXPORTS UP

Exports of unmanufactured tobacco from Southern Rhodesia during the 12 months, April 1945-March 1946, totaled 41.8 million pounds, compared with 27.1 million for the previous 12-month period. Of the total exports during 1945-46, 38.2 million pounds, or 91 percent consisted of flue-cured. Exports of Turkish leaf totaled 3.3 million pounds, compared with 2.8 million during the period April 1944-March 1945. Exports of fire-cured tobacco for 1945-46 declined to 292,000 pounds from 342,000 pounds in the previous season.

Flue-cured exports during the 1945-46 season went chiefly to the United Kingdom, and to other Empire countries, including the Union of South Africa, Australia, and New Zealand. About 10 million pounds of the total of 25.3 million exported to the United Kingdom consisted of strips. Egypt was the principal customer for flue-cured among non-Empire countries. The direction of trade in Southern Rhodesia flue-cured leaf clearly shows the effect of the Empire tariff-preference system. During the 5 seasons (1936-37 through 1940-41) exports of flue-cured averaged 20.3 million pounds, and about 97 percent was destined to Empire countries.

SOUTHERN RHODESIA: Exports of flue-cured tobacco,
April-March 1945-46, with comparisons

Country of destination	Average 1936-37: through 1940-41:	1943-44	1944-45	1945-46
	1,000	1,000	1,000	1,000
	<u>pounds</u>	<u>pounds</u>	<u>pounds</u>	<u>pounds</u>
United Kingdom	17,045	15,381	11,430	25,281
Union of South Africa ..	2,237	6,558	10,624	1,954
Australia	120	1,664	303	2,659
Nigeria	a/	a/	447	490
Egypt	a/	a/	200	3,851
Others	879	1,993	966	b/ 3,984
Total	20,281	25,596	23,970	38,219

Economic and Statistical Bulletin of Southern Rhodesia.

a/ If any, included with others. b/ Chiefly Belgium and Sweden.

The United States was the principal importer of Southern Rhodesia's Turkish leaf during the 1945-46 season. About 1.8 million pounds were exported to this country. Denmark and the United Kingdom also took considerable quantities. Exports of fire-cured were destined principally to Egypt and the United Kingdom.

NORWAY IMPORTS MORE UNITED STATES TOBACCO

For the 12 months July 1945-June 1946, exports of United States leaf tobacco to Norway totaled 12.3 million pounds. Of the total exports, flue-cured accounted for 6.6 million pounds, fire-cured 4.6 million, and Burley 1.1 million. Exports of United States leaf to Norway during the 5-year (1935-39) period averaged 5.5 million pounds annually.

Norway's total imports of leaf tobacco declined sharply during the war years, and the country supplemented its short supply of foreign leaf by domestic production, which has now virtually ceased. Imports averaged only 3 million pounds during 1942-44, compared with a prewar (1935-39) average of 6.6 million. Reports indicate that during the 12 months ended in June of this year, about 10.3 million pounds of tobacco arrived in Norway from overseas, and 90 percent of this amount was United States leaf. The remainder originated in South Africa and Turkey.

The arrival of substantial quantities of foreign leaf has permitted a sharp increase in Norway's consumption of tobacco products. Government estimates place current consumption at from 10 to 20 percent above the level of 1939. But leaf supplies are reported inadequate to satisfy fully the rising market demands. Production of cigarettes is estimated at about 40 percent above the 1939 level. Lesser increases have been noted in the output of other products.

COTTON AND OTHER FIBERSEGYPT'S COTTON AREA
ABOVE WARTIME LOW

The final official estimate placed Egypt's 1946 cotton area at 1,258,784 acres, indicating a further recovery from the low of 733,000 acres in 1942, which represented a considerable drop from the 5-year (1936-40) average of 1,824,000 acres. On the basis of last year's yield per acre, the present crop should total nearly 1,347,000 bales of 478 pounds, including more than 829,000 bales of Karnak and 223,000 bales of Ashmouni.

EGYPT: Cotton acreage, 1946 with comparison

Variety	1945	1946
	<u>Acres</u>	<u>Acres</u>
Malaki	1,930	a/
Amoun	2,947	1,748
Karnak	606,060	849,129
Menoufi	39,989	67,290
Giza 23	a/	1,235
Giza 7	147,198	53,116
Giza 30	1,111	5,964
Zagora	10,189	3,992
Ashmouni	209,537	275,079
Other varieties	807	1,231
Total	1,019,768	1,258,784

a/ Included in "Other varieties".

The area of Karnak has shown a surprising increase over last year and exceeds the highest earlier private estimates of area based on sales of seed for planting. The gain in Menoufi which was expected largely to displace Giza 7 in the Delta has been less than expected. The increase of nearly 66,000 acres in Ashmouni has been mainly caused by the change in the acreage-restriction regulations which permitted 14 percent of the basin lands of middle and upper Egypt, equipped for summer irrigation, to be planted to cotton this year.

The attack of the cotton-leaf worm has turned out to be less serious than was anticipated, except in the northwestern and north central portions of the Delta where damage has been extensive. The conditions of the crop is believed, on the whole, to be better than at this time last year. No decision has yet been reached by the Egyptian Government regarding Government-support prices for the next crop, and the rise in cotton prices during the month has tended to obscure the situation.

During July the Egyptian Government enacted legislation controlling the 1947 cotton acreage. The legal maximum area of all cotton will remain unchanged except in the basin areas of middle and upper Egypt where the proportion of land on which cotton can be grown was increased from 14 percent to 18 percent. This change will add no more than 10,000 to 16,000 acres to the maximum legal area. The legislation also limits the area of long-staple cotton to 363,000 acres.

A proposal to limit Karnak to 104,000 acres was not passed by the Parliament, and any portion or all of the 363,000 acres of long-staple cotton can be planted to Karnak. The proportion which actually will be planted to Karnak will depend to a large extent on the 1946-47 Government-support prices fixed for this variety, compared with prices fixed for other long-staple varieties, particularly Menoufi. The legislation also empowers the Minister of Agriculture to designate small areas in the northern Delta which must grow Karnak exclusively for the preservation of a pure-seed supply.

WEEKLY COTTON PRICES ON FOREIGN MARKETS

COTTON: Spot prices of certain foreign growths
and qualities in specific markets

Market location, kind, and quality	Date : 1946 :	Unit of weight	Unit of currency	Price in: foreign currency	Equivalent U. S. cents per pound
Alexandria	:	Kantar	:	:	:
Ashmouni, F.G.F.	8-29:	99.05 lbs.	:Tallari	38.00:	31.72
Giza 7, F.G.F.	8-29:	99.05 lbs.	:Tallari	Not:quoted	
Karnak, F.G.F.	8-29:	99.05 lbs.	:Tallari	Not:quoted	
Bombay	:	Candy	:	:	:
Jarila, fine	8-31:	784 lbs.	:Rupee	409.00:	15.75
Kampala, East African	8-31:	784 lbs.	:Rupee	850.00:	32.74
Buenos Aires	:	Metric ton	:	:	:
Type B	8-31:	2204.6 lbs.	:Peso	2070.00:	27.96
Lima	:	Sp.quintal	:	:	:
Tanguis, Type 5	8-31:	101.4 lbs.	:Sol	190.00:	28.82
Recife	:	Arroba	:	:	:
Mata, Type 5	8-30:	33.07 lbs.	:Cruzeiro:	130.00:	21.25
Sertao, Type 5	8-30:	33.07 lbs.	:Cruzeiro:	130.00:	21.25
Sao Paulo	:	Arroba	:	:	:
Sao Paulo, Type 5	8-30:	33.07 lbs.	:Cruzeiro:	158.50:	25.91
Torreon	:	Sp.quintal	:	:	:
Middling, 15/16"	8-30:	101.4 lbs.	:Peso	126.25:	25.64

Compiled from weekly cables from representatives abroad.

LIVESTOCK AND ANIMAL PRODUCTS

ITALY TO SHIP U. S. PECORINO CHEESE

During the last half of this year, the Italian Government is expected to authorize exportation of nearly 4.5 million pounds of pecorino cheese,

a hard cheese used largely for grating, to this country. United States officials have issued import permits for this quantity. The 1946 production in Italy of pecorino cheese, which is made from sheep's milk, is expected to reach about 75 million pounds, compared with prewar production of about 110 million pounds. Present exports to the United States will be mainly of the "Romano" type and were produced during the 1944-45 and the 1945-46 seasons.

While domestic consumption of this high cost cheese has increased, the resumption of production of cheese of other types will sharply reduce the demand in Italy for pecorino cheese. The sheep's milk from which pecorino cheese is made has little possibility of being used for direct human consumption.

BRITAIN REPORTS REDUCED DOMINION WOOL STOCKS

Unsold wool stocks held by the Joint Organization of the United Kingdom and Dominions on June 30 amounted to 1,968 million pounds (6,334,000 bales), according to the announcement of the Dominion Wool Disposals, Ltd., in August. This is a reduction of 1,277 million pounds (about 4 million bales) below stocks of 3,245 million pounds (about 10 million bales) that the London Wool Conference in May 1945 estimated would be taken over by the Organization on June 30 last year. Actual stocks taken over as of July 31, 1945, amounted to 3,210 million pounds.

The conference forecast stocks on June 30 at 3,165 million pounds, based on an estimated world consumption of 1,390 million pounds of Dominion wool, or 95 percent of prewar. Present stocks, therefore, are about 1,200 million pounds less than anticipated at that time. The report further states that sales of Dominion wool, as distinct from consumption, during 1945-46 were 2,500 million pounds (8,177,000 bales). These sales are equal to the entire season's exportable surplus from Australia, New Zealand, and South Africa in addition to 1,277 million pounds (4 million bales) sold out of stocks.

While these stocks have been cleared from the primary markets, not all have as yet entered consumption, but represent a considerable stocking up movement and heavy buying by mills for both current and future consumption needs.

Unexpected features of the demand during the season were the extent of United States purchases which reached a record total of about 630 million pounds (2 million bales) and the volume purchased by France and Belgium, where textile industries have made a rapid recovery from the effects of the occupation.

The present stocks of 1,968 million pounds consist of 1,369 million pounds of Australian wool, 421 million pounds of New Zealand, and 178 million pounds of South African wool. Fifty-three percent of the total is merino and 47 percent crossbred and other wools. Approximately 78 percent of the Australian wool is in that Dominion and 20 percent in the United Kingdom. The remaining 2 percent, in stockpile in the United States, will be sold

at auction in the United Kingdom. The bulk of the New Zealand wool, or 69 percent, is in that country, with 30 percent in the United Kingdom. About 60 percent of the Union of South African wool is in South Africa and 36 percent in the United Kingdom.

WOOL STOCKS: Distribution of Joint Organization wool stocks by grade, origin, and location, June 30, 1946

Location	Crossbred						Grand Total
	Merino	Above: 50s and below	50s	Various	All qualities	Total	
	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales
Australian wool in:							
Australia	2,304	-	-	-	1,146	1,146	3,450
United Kingdom	668	-	-	-	214	214	882
United States	48	-	-	-	26	26	74
Total	3,020	-	-	-	1,386	1,386	4,406
New Zealand wool in:							
New Zealand	-	54	797	-	89	940	940
United Kingdom	-	187	196	-	27	410	410
United States	-	2	4	-	-	6	6
Total	-	243	997	-	116	1,356	1,356
South African wool in:							
South Africa	103	-	-	a/151)	-	a/151	(345
	-	-	-	b/ 91)	-	b/ 91	(
United Kingdom	184)	-	-	4	-	4	(208
	c/ 20)	-	-	-	-	-	(
United States	19	-	-	-	-	-	19
Total	326	-	-	246	-	-	572
All wool	3,346	243	997	246	1,502	2,988	d/6,334

United Kingdom-Dominion Wool Disposals, Ltd., report August 6, 1946.

a/ Native sheep's wool. b/ Karakul, etc. c/ Lambs. d/ Unsold. Excludes substantial quantity in each Dominion and in British stockpile in U. S.

GRAINS, GRAIN PRODUCTS, AND FEEDS (con't)

SOVIET UNION'S GRAIN
OUTLOOK IMPROVED

The condition of winter and spring grains in the Soviet Union, outside of the central and southern regions, has been reported as satisfactory or good. This includes such important regions as the Don-North Caucasus, middle Volga, Urals, and Siberia, as well as the western part of the Soviet Union.

Harvesting weather was generally better than in 1945, when it was very unfavorable. Should favorable weather conditions continue during the harvest season, it may be possible, with the somewhat increased acreage and manpower and draft power supplies, to gather a somewhat larger grain crop than in 1945, though it would still be appreciably below prewar. Prospects for grain exports in 1946-47, however, will depend almost as much on the policy and decisions of the Soviet Government as on the size of the crop.

Considerable contrast in weather conditions in different sections of the Soviet Union, characterized the 1946 growing season, resulting in a rather spotted harvest.

Dry hot weather prevailed in the spring and early summer in many southern and central regions of the European U.S.S.R. Many regions of the Ukraine also suffered from the drought, which affected crops adversely. July rains that broke the drought in many districts had a beneficial effect on millets (the acreage of which apparently increased this year in the dry areas) and corn.

MISCELLANEOUS

SLOW REVIVAL FORESEEN FOR CHINA TEA TRADE

Disappointing news for green tea drinkers comes in a report from Shanghai that prospects for an early revival of China's export trade in tea appear remote. From September 1945 through April 1946, only a little over 300,000 pounds of tea were exported from China, of which about 82,000 pounds were destined to the United States. In prewar (1935-39) years, United States imports of tea from China averaged about 6 million pounds annually, over half of which was green tea. Total tea exports from China during the same period averaged about 80 million pounds annually.

The main factors operating against resumption of the tea-export trade are the high domestic prices and scarcity of tea in China. Common grades of green tea retail for 15,000 Chinese National dollars per pound (about \$6 in U. S. currency), and the better grades from the 1946 crop have been quoted as high as 30,000 Chinese National dollars, per pound. Stocks of tea in China are said to be negligible.

Another factor handicapping Chinese tea in the world market is its lack of uniformity. For the most part, tea in China is grown as a sideline on small holdings. Chinese farmers, as a rule, do not fertilize their tea gardens, and yields are small. The curing and drying of the leaves are not scientifically carried out so that the resulting product is not uniform in quality.

China is the world's largest tea producer. No census of production has ever been taken, but authorities estimate that the country's normal production in prewar years was somewhere between 600 and 900 million pounds. China ranked only fourth among tea-exporting nations; however, because of the large amount of tea consumed within the country.

China produces black (fermented) tea, green (unfermented), oolong (semi-fermented), and brick tea. In prewar years, about 47 percent of China's total tea exports were green tea, 27 percent black tea, and the remainder brick and other teas. The Soviet Union and Tibet were the principal takers of brick teas. The brick tea destined for the Soviet Union is usually made of siftings and dust from teas which have gone through the regular manufacturing process. The material is steamed to make it pliant; then put into

molds and pressed. After pressing, the bricks are dried for about 3 weeks. The brick tea for Tibet is made principally from low-grade tea leaves and stems. The Tibetans boil it with salt, butter, and other ingredients to make a kind of soup. At the present time, undetermined amounts of brick tea are being exported via caravan to the Soviet Union and Tibet.

COFFEE CONSUMPTION AT HIGH LEVEL IN CUBA

During the second quarter of 1946, Cuban coffee consumption of over 138,000 bags, 44 percent more than the average for the similar quarter in 1939-41, was at a rate in excess of domestic production, a report from the American Embassy in Havana discloses. Increased consumption is attributed to a greater purchasing power on the part of Cuban consumers.

The steady increase in consumption and below-average crops during the last 2 years have made it necessary for the Cuban Government to prohibit the exportation of coffee. The 1945-46 crop, according to final official figures, totaled 382,000 bags, or 24 percent less than the average of the crops from 1939 to 1944. Twice during the 1945-46 crop year, the Cuban Government authorized the importation of coffee--115,000 bags in October 1945 and 100,000 bags in March 1946. Despite these importations, a shortage of coffee at the consumer level persists, but it is unlikely that additional imports will be authorized during 1946. Stocks on hand, estimated at 200,000 bags as of August 1, are considered sufficient until coffee from the 1946-47 harvest, which began August 1, reached the consumers. This crop is forecast at 537,000 bags, but if the present high rate of consumption continues, there will be no export surplus during the 1946-47 crop year.

In 1935, for the first time in many years, Cuba had a significant exportable surplus of coffee. Until mid-July 1945, the country continued to export coffee. The average yearly net export for the years 1940-44 was 81,000 bags, most of which went to the United States. Production by crop years during the same period averaged about 500,000 bags annually.

TRADE CONTROLS

Syria banned the export of olive oil, dairy products, and cattle until further notice as another step in the Government's campaign to bring down the cost of living. Should the export ban cause a drop in the local price, exports will again be permitted.

Czechoslovakia's Agrostrof works, the nationalized enterprise for production of agricultural machinery, has signed an agreement with Bulgaria according to which Agrostrof will supply tractor plows and binder threshers, while Bulgaria will deliver tobacco and various other farm products.

After a 6 months' extension the Argentine-United Kingdom Trade Agreement was allowed to expire. British-Argentine tariff concessions lapsed unless covered in other agreements.